

Upstream Dialogue

energy
in action

CAPP Events & Updates

Synergy Alberta Conference

October 26 - 27, 2010
Red Deer, Alberta

Synergy Alberta facilitates dialogue on energy and resource development. The conference is open to all who share an interest in working collaboratively and respectfully with stakeholders including communities, industry and regulators.

► [Learn more and register](#)

The World Energy Congress

September 12 - 16, 2010
Montreal, Quebec

The World Energy Congress is the world's premier energy gathering. This forum brings together more than 3,500 top world leaders in the field of energy from industry, governments, and international organizations, as well as the media, universities and energy industry associations.

► [Learn more and register](#)

Steward in Training

Hundreds of students partnered with industry volunteers at CAPP's Energy in Action events to learn about stewardship and build environmental projects in their school yards.

► Check out the [faces at this year's events](#).

Student shown from J.S. Clark Elementary School

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Meet Courtney Blackwell of Imperial Oil. Her environmental knowledge is putting energy into action both at work and in the community. [PAGE SIX](#)

Innovation and Technology

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Now Available
2010-2025
Canadian Crude
Oil Forecast and
Market Outlook
[Access the report](#)

Crude Oil

Forecast, Markets & Outlook



CAPP

Industry in the News

2010-2025 Canadian Crude Oil Forecast released

On June 9, 2010 CAPP released its annual Canadian Crude Oil Forecast and Market Outlook.

CAPP continues to forecast significant growth in Canadian crude oil production over the next 15 years, driven largely by oil sands.

"CAPP's 2010 Crude Oil Forecast reaffirms the trend of continued long term production growth in Canada," said Greg Stringham, vice-president of markets and oil sands at CAPP. "While the economic downturn in 2009 saw many projects deferred, a stabilizing investment climate, more robust commodity prices and market demand for Canadian crude have provided the foundation for several projects to return to active development."

175 Billion

Canada's oil reserves are estimated at 175 billion barrels – the second largest in the world.

► Read the [CAPP news release](#) announcing the report.

► Access the [2010 – 2025 Canadian Crude Oil Forecast and Market Outlook](#).

► Review recent [Canadian natural gas forecast data](#).

News Highlights

Activist Oil Sands Ads Inaccurate; Canadians Want Truth, Balance – Not Propaganda

July 16, 2010, CAPP news release

► Read [CAPP's response to Rethink Alberta](#), a billboard and internet campaign comparing the crude oil spill in the Gulf of Mexico to Canada's oil sands and urging American tourists to "rethink" visiting Alberta.

West forming a unified approach: Energy Ministers Speak As One

June 15, 2010, Calgary Herald

► Read this [article by Deborah Yedlin](#) based on a Minister's panel presentation at [CAPP's Oil and Gas Investment Symposium](#).

Toxic Alberta

June 16, 2010, VICE Media, posted and endorsed by CNN

► Watch the video, [Toxic Alberta](#), by Eddy Moretti, Vice President, VICE Media.

► Read CAPP's response, ["Toxic Alberta" is Mean-Spirited & Agenda-Driven](#).

17 trillion reasons to fix tarsands

June 2, 2010, New Brunswick Telegraph-Journal &

May 22, 2010, Winnipeg Free Press

► Read this [opinion article by Stephen Murgatroyd](#).

► Read [CAPP's response](#), Oil Sands Producers are Responsible.

THINKING OF VISITING ALBERTA?

THINK AGAIN

Corporate Ethics International, the group behind the Rethink Alberta campaign, pulled the ads because they contained inaccurate statements.

170 km²

According to Stephen Murgatroyd, Canada has 184,827 square kilometres of tailings ponds – an area the size of Washington State. The real answer is closer to 170 square kilometres.

News Highlights (continued)

Oil Sands Protest Based on Misinformation, Rhetoric – Not Facts

June 8, 2010, CAPP news release

- Read [CAPP's response to a recent protest against Canada's oil sands development](#) by the Rainforest Action Network (RAN).
- LUSH, a retail marketer of soap and beauty products, is urging its customers to support RAN through an [on-line](#) and in-store campaign.

MYTH vs FACT

As part of its on-line campaign, LUSH posted "facts" on their website. Here's a few:

MYTH:

A pristine forest covering over 65,000 km² (equivalent in size to California Mojave desert) is slated for destruction.

FACT:

In more than 40 years, oil sands mining has disturbed about 602 square kilometres of land. This is equivalent to 4.8 per cent of Los Angeles County or 0.02 per cent of Canada's Boreal Forest. By law, all land must be reclaimed.

Source: Alberta Environment

MYTH:

The project burns as much natural gas everyday to heat four million homes.

FACT:

4 million residential consumers in Canada use an average of 1.1 billion cubic feet/day of natural gas. Oil sands production uses about 800 million cubic feet/day.

Source: Statistics Canada

For every one BTU (British Thermal Unit) of energy that goes into the SAGD oil sands process, 6-10 BTUs of energy comes out.

MYTH:

Tar sands industry sucks up as much water per year as a city of 2 million people. 90% of the water gets dumped back into the environment as toxic waste.

FACT:

Currently oil sands production draws less than one per cent of the Athabasca's average total flow. More than 80 per cent of process water is recycled.

Alberta Environment prohibits the release of any water to rivers that does not meet water quality requirements.

Source: Alberta Environment

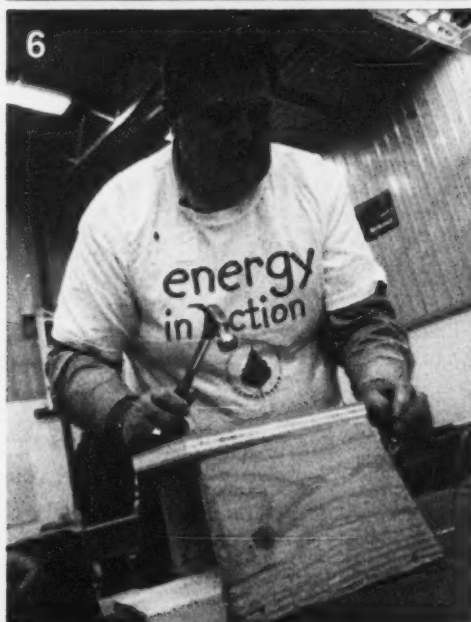
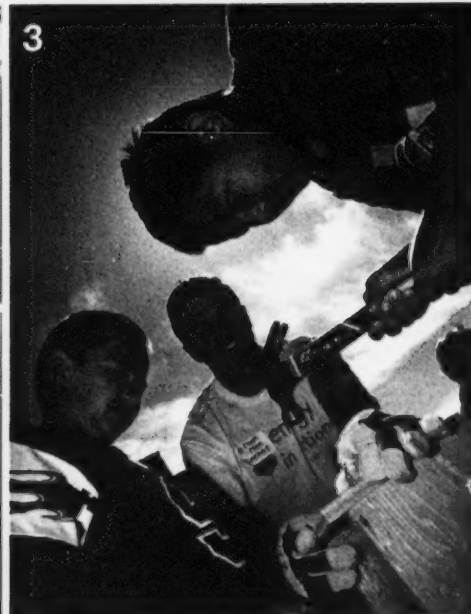
Oil sands initiative: update

As part of the Canadian oil sands industry's ongoing performance and communications initiative, television advertisements launched in select markets across Canada on June 19. The ads feature real oil sands industry employees: Syncrude's Steve Gaudet, CNRL's Joy Romero, and Imperial Oil's Eddie Lui. Magazine, online and outdoor advertising round out the media mix.

Advertising is one element of a broader effort to improve our communications with stakeholders and the public, both in Canada and internationally.

- Check out the [TV advertisements](#).
- Learn more about [Canada's oil sands and this initiative](#).
- Get in on the [oil sands discussion](#).





1. Justine Lissack, Apache Canada Ltd., with students from JS Clark Elementary in Fort Nelson, BC 2. Students from Tremblay Elementary School in Dawson Creek, BC 3. Dave Wizinsky, MEG Energy and students from Central Elementary in Lac La Biche, AB 4. Ryan Redpath from Crescent Point Energy Corp. 5. Tracey Thompson, Devon Canada and student from JS Clark Elementary in Fort Nelson, BC 6. Ed Dusterhoft, Daylight Energy 7. Jill Garcia (left), Laura Perry and Kimberly Gray, all of CAPP 8. Mary Ann Shortt, Event Volunteer (left), Courtney Blackmore (centre) and Shalini Sonpal, both of Imperial Oil Resources 9. Jimmy Janvier, MEG Energy Corporation

Relationships behind the Resource

Energy in Action 2010

During the month of May the Energy in Action program traveled through Western Canada to teach students about the petroleum industry, careful resource development, and the importance of environmental stewardship.

Facilitated by CAPP and various oil and gas companies, Energy in Action visited 11 schools – Alberta: Drayton Valley, Heart Lake First Nation, Lac La Biche, Anzac and Cold lake; Saskatchewan: Carnduff; and British Columbia: Fort Nelson and Dawson Creek.

A typical day included a presentation about natural resources delivered by Inside Education. Afterward, students and volunteers put their knowledge to the test, planting trees, shrubs, and flowers in their schoolyards. At some schools kids planted vegetables, which they will harvest and donate to their schools' nutritional programs or their local food bank.

► Learn more about [Energy in Action](#).

► Learn more about [Inside Education](#).



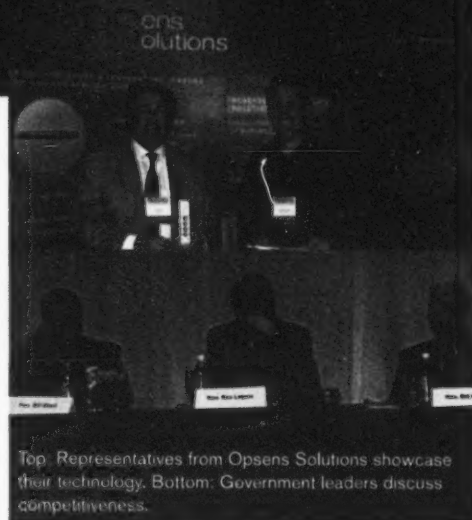


Relationships behind the Resource (continued)

2010 CAPP Oil & Gas Investment Symposium

The 2010 Oil & Gas Investment Symposium brought together over 50 oil and gas companies and hundreds of investors from Canada, United States and around the world. Symposium gives institutional investors a "hands on" perspective on current industry conditions and outlooks for Canadian oil and gas companies plus unparalleled engagement with senior executives. Government leaders also attended to discuss the competitiveness of Western Canada's oil and gas sector and attracting global investment capital. Technology companies also given showcased Canadian innovation and technology.

- Learn more about [CAPP's 2010 Oil & Gas Investment Symposium](#)
- View [webcasts of CAPP member company presentations](#)
- Download the [CAPP member company presentations \(pdf.\)](#)



Top: Representatives from Opsens Solutions showcase their technology. Bottom: Government leaders discuss competitiveness.

Rising Stars

CAPP saluted Oilweek's 2010 Rising Stars, the best and brightest in the Canadian oil and gas industry, at Hotel Arts on June 23.



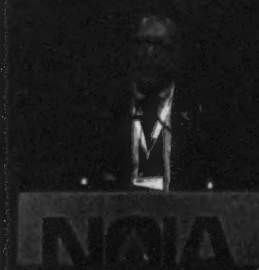
The Rising Stars shown here from left to right are: Lars De Pauw, manager, environment and reclamation, Penn West Energy; Jonathan Moser, manager, government affairs and public policy, Dow Chemical ULC; Brad Kingston, vice president and general manager, Savanna Well Servicing; Brian Helfenbaum, exploration leader, northwest region, Devon Canada Corporation; Lance Kile, general manager of operations, NEBC, CCS Midstream Services; Janet Annesley, vice president of communications, Canadian Association of Petroleum Producers; Kim Farwell, operations support leader - hydroprocessing, Syncrude Canada; Michelle Chidley, event and communications director, Small Explorers and Producers Association of Canada; James Kidd, partner, Burnet, Duckworth & Palmer LLP; Melanie Hamilton, co-founder, GeoWest Drilling Services; Thomas Bieschke, co-founder, president and chief executive officer, Caltex Energy. Also shown: Agnes Zalewski, group publisher, JuneWarren-Nickle's Energy Group. Missing from photo: Jason Munro co-founder, GeoWest Drilling Services; David Witsken, president, Canada region, Aluma Systems

- Learn more about [Oilweek's 2010 Rising Stars](#).
- [Nominations](#) for 2011 are now open.



Oilweek Rising Star class valedictorian, CAPP VP Janet Annesley, talks about professional challenges, the importance of family support and the personal pay back in always giving back.

NOIA Conference 2010



CAPP President Dave Collyer recently participated in a panel discussion on the future of the North American energy industry as part of the Newfoundland and Labrador Oil and Gas Industries Association's annual conference in St. John's, NL. CAPP's comments focused on the energy supply mix and the important role that unconventional oil and gas supplies will continue to play in the future. CAPP also addressed environmental, safety and social issues related to unconventional resources.

- Read Dave Collyer's panel presentation titled, *The Future of the North American Energy Industry*.

Employee Perspectives

Giving a voice to environmental stewardship

Name: Courtney Blackmore

Title: Field Environmental Advisor

Company: Imperial Oil Resources

Years of Experience: 1

Location: Cold Lake, AB

Best part of the job: "Being able to give people the right facts about industry's commitment to environmental protection. I also enjoy encouraging friends, family and coworkers to be more environmentally conscious."



When Courtney Blackmore graduated from the University of Alberta last year, she entered the work force with a mission: to influence better communication about environmental efforts between industry and the public. "I was brought up with a parent working in oil and gas and I know first hand that the industry works hard to improve environmental performance. I want to make sure this responsibility resonates beyond industry," says Courtney.

Now an employee at Imperial Oil Resources, one of Courtney's key responsibilities is managing the wildlife and vegetation monitoring programs. "Since 2005, Imperial Oil has implemented wildlife programs including the Wildlife Observation Card program where unique species observed at Cold Lake operations are reported to the Environmental-Team," explains Courtney. "We also conduct annual waterfowl surveys to determine the abundance and diversity of species on site."

Courtney knows the importance of both environmental education and building relationships within operating communities. She looks for opportunities to share Imperial's commitment to people and the environment and her own environmental knowledge and passion.

In May, Courtney was the team lead for this year's Energy in Action [➤ sidebar] event in Cold Lake. After months of planning and networking, Courtney and the rest of the company volunteers involved were rewarded with a successful day of helping students construct bird houses, plant gardens and build their own outdoor classroom at RA Reynolds School and Grand Centre Middle School.

"It is beneficial for industry to participate hand in hand with community members on a project rather than simply providing a

donation," said Courtney. "Energy in Action enables an opportunity for collaboration."

Volunteers helped the kids discover ways they can reduce their impact. The students can call upon what they have learned when they use their outdoor classroom for years to come."

Getting back to Imperial, when asked how she has seen things change in the environmental field, Courtney is excited to explain that a career path that once held very little potential now has one of the highest forecasted growth rates. "Changes in the job market and educational institutions clearly parallel a transformation in the priority of environmental stewardship among industry and citizens alike."

► Read more about [Imperial Oil's environment policy](#).

► Learn more about [Energy in Action](#).

➤ Energy in Action

Energy in Action is a CAPP initiative that visits several oil and gas community schools annually; combining energy literacy with hands on education and environmental sustainability. In 2010, students, teachers, and company volunteers participated in events in eight communities across British Columbia, Alberta and Saskatchewan, spreading the message of environmental sustainability.

1800 hands

Almost 900 people participated in Energy in Action 2010 including hundreds of students and 168 company volunteers.

Leading the world in monitoring the land



Photo credit: Diane Haugland

"ABMI provides a credible platform using sound science to collect and report on the status of species in Alberta. Data can be used by the government to inform policy, and as a source of information for industry, stakeholders, and the general public."

- David Pryce,
CAPP VP of Operations
and ABMI Director

A new world-class tool is helping monitor – and mitigate – the effect of industry on the environment in Alberta.

The **Alberta Biodiversity Monitoring Institute** (ABMI) is the biggest and best program of its kind in the world, says Jim Schieck of the Alberta Research Council.

Completely objective and scientifically rigorous, ABMI helps evaluate changes to about 2,000 species of biota (wildlife, plants, and smaller critters) across the province [▶ sidebar].

The ABMI was developed in collaboration with dozens of scientists, Alberta's universities, various industries, the province, the Royal Museum of Alberta, the Alberta Conservation Society, and the Alberta Research Council.

"It took a number of years, but when we were done, we had a program that was really quite comprehensive and definitely leading in the world," says Schieck. "Before now, we simply didn't have the ability to evaluate the status of the environment at a regional scale and how things were changing over time."

94% intact

A 2009 ABMI report states that based on the measurement of 52 bird and 97 plant species, the Lower Athabasca's living resources are 94 per cent intact.

During 2003 to 2006 information was collected from 150 sites. Between 2007 and 2009, another 240 sites were monitored for everything from birds to leaves to dead trees.

All ABMI raw data is made available to the public, but the ABMI has also developed a comprehensive system to present the data in a way that different industries, planners, recreational users and others can use.

"The ABMI provides a lot of information that can be used to assess what is expected in an area after reclamation and the mathematical tools to help companies evaluate the success of the reclamation," says Schieck.

"We were plowing new ground when we were developing the program," says Schieck. "We have moved faster than most other countries in the world. Switzerland, the E.U., and Australia are all working toward developing a similar monitoring system."

▶ Learn more about ABMI and monitoring biodiversity.

➔ Covering the province

ABMI has divided Alberta into 1,656 separate sites of 20 square kilometers. Every year, 330 sites are monitored for everything from birds to litter to dead trees using onsite visits, aerial photography, and satellite imagery.

Canadian Offshore update

Companies operating in the Canadian offshore oil and gas industry understand it's their responsibility to minimize safety risks and the effects of operations on the environment. Canadian industry is highly-regulated. Operators focus on preventing incidents and developing spill response plans should an incident occur.

CAPP has recently appeared before both the House of Commons and Senate hearings on Canadian offshore activity and regulatory oversight. CAPP has emphasized that companies operating in Canada's offshore take their safety and environmental responsibilities seriously and Canada has a robust regulatory system and a strong environmental record.

CAPP encourages Canadian government and regulators to take a measured approach to the offshore regulatory changes following the blowout and spill in the Gulf of Mexico. The National Energy Board has initiated a Review of Arctic Safety and Environmental Offshore Drilling Requirements. CAPP supports this review as a forum for thoughtful dialogue on offshore practices and consideration of lessons learned from the Deepwater Horizon.

In addition to the Arctic Review, the Gulf incident brings potential implications for offshore activities and future regulatory reform initiatives in Canada. Various groups are calling on government to impose a moratorium on offshore activity across Canada. Regulatory reform initiatives could be delayed or revert towards a more prescriptive approach to regulation. CAPP continues to engage to ensure that response to the Gulf of Mexico incident is measured and allows industry to fully understand the circumstances under which this incident occurred, and assess if there is an opportunity to improve Canada's regulatory system and/or industry operating practices.

- Read the [National Energy Board news release](#) announcing the review.
- Read [CAPP's presentation to the Senate](#), David Pryce, Vice President, Operations.

New industry safety guidelines

CAPP and the five other industry associations (CAODC, CAGC, CEPA, PSAC, SEPAC) have developed two new safety guidelines for the oil and gas sector:

Guideline on Contractor Management Systems

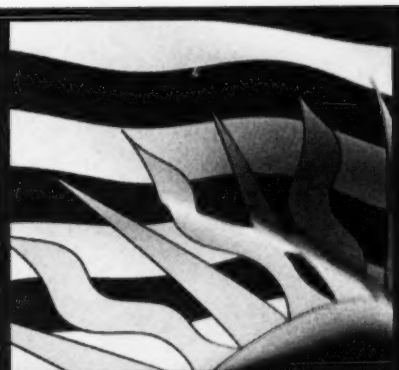
Assists land-based Canadian operators to develop competent service provider management systems. The guide can be used by companies to develop their own system or compare their existing system.

- Access [Guideline on Contractor Management Systems](#).

Guideline on Supervisor Competency

Outlines the competencies required for supervisors to achieve superior site management performance in health, safety, environment, operations and social responsibility. The guide provides an outline to help build a company-specific training matrix and tools to augment performance management processes.

- Access [Guideline on Supervisor Competency](#).



BC Oil and Gas Activities Act

British Columbia's Oil and Gas Commission has developed training documents to help the industry become familiar with the province's draft Oil and Gas Activities Act (OGAA).

Training sessions were held throughout the spring and were completed in June.

OGAA will come into effect once all the regulations have been approved in September. At that time, industry will be required to comply with the new regulatory regime.

Updated regulations have been completed for Drilling and Production, Pipeline, and Geophysical Exploration. New regulations have been completed for Consultation and Notification and Environmental Protection and Management.

- Review the [training version of new regulations](#).
- Learn more about the OGAA and the enhanced regulatory framework in BC.

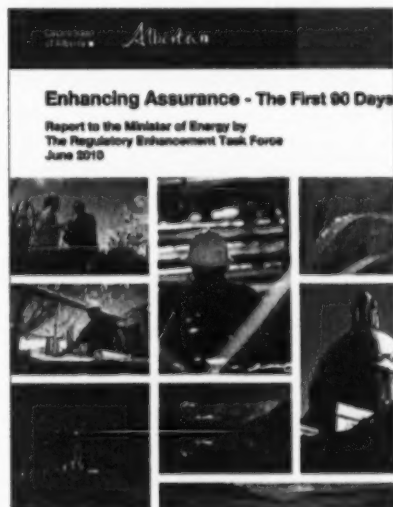
The First 90 Days – AB regulatory review

In June 2010 Alberta's Regulatory Enhancement Task Force reported its progress in overseeing the review and improvement of Alberta's regulatory system.

Enhancing Assurance: The First 90 Days describes how government ministries and agencies are pursuing a comprehensive review of Alberta's regulatory system for oil, natural gas and oil sands development. The report outlines work done to date including:

- Pilot work towards a system of coordinated compliance inspections;
- Successful streamlining of Pre-Disturbance Assessments for oil sands developments;
- Simplification of sub-surface well spacing requirements;
- Improved access to information and regulations;
- Clarification and simplification of regulatory publications;

- The elimination of obsolete and expired regulatory publications; and
- Harmonizing regulations with other provinces.



The province expects these and other changes will simplify requirements, improve timeliness and result in major benefits including:

- Substantial annual financial savings to industry which can be re-invested into the Alberta economy, including an estimated savings of between \$80 million and \$170 million from a number of ERCB initiatives;
- Reductions in time delays and associated delay-related costs;
- Elimination of between 250 and 300 ERCB well spacing applications per year.
- Improved clarity and navigability of rules and regulations.

The task force will make recommendations to the province on how to best align provincial policies around oil, gas and oil sands, and how to implement a renewed policy assurance system for the province that is flexible, modern, efficient and effective.

► Read [Enhancing Assurance: The First 90 Days report](#).

► Learn more about the [Alberta regulatory review](#).

SK drilling incentives

The Saskatchewan government has announced a three-year incentive to encourage horizontal drilling for natural gas exploration and production.

The new volume based incentive, announced May 27, 2010, establishes a maximum Crown royalty rate of 2.5 per cent and a freehold production tax rate of zero per cent on the first 25 million cubic metres of natural gas produced from every horizontal gas well drilled in the province between June 1, 2010 and March 31, 2013.

"Horizontal drilling is expected to account for the bulk of natural gas wells drilled in future in North America," Saskatchewan's Energy and Resources Minister Bill Boyd said in a release.

"We've been at the forefront of using this technology to drill for oil here. By encouraging it on the gas side, we are sending a signal to the industry to invest and replicate some of the success it has enjoyed with oil."



The new incentive was developed in consultation with industry associations, including CAPP.

A 2008 National Energy Board and Saskatchewan government study estimated the province had about 150 billion cubic metres of conventional natural gas reserves, as well as an undetermined amount of unconventional gas resources, including natural gas in coal and shale gas.

► Read the [Government of Saskatchewan news release](#) announcing the incentives.

Georges Bank moratorium extended



petroleum activities prohibited until December 31, 2015

The governments of Nova Scotia and Canada are extending the moratorium on oil and gas exploration and drilling in the Georges Bank area offshore Nova Scotia.

The moratorium, which started in 1999, has been extended to December 31, 2015.

The two governments are continuing to gather research on the area's ecosystem, fishing and petroleum activities and related technologies. They're also identifying any gaps in the research to prepare for the decision on whether to lift the moratorium in 2015.

CAPP respects the decision to extend the moratorium and has been involved in a technical advisory capacity on some of the research. CAPP continues to assist the process by providing information and participating in research projects.

► Read the [Government of Nova Scotia news release](#) announcing the extension.

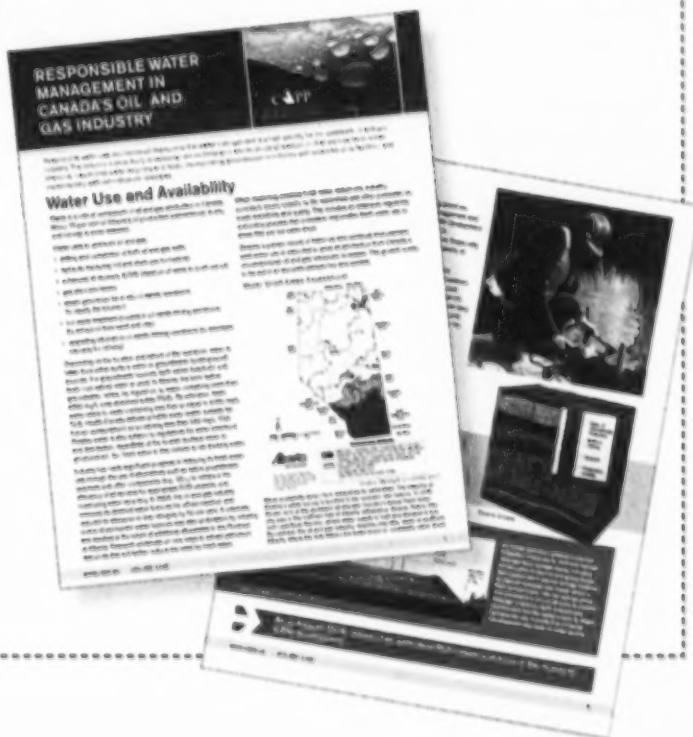
Brochure: Responsible Water Management

CAPP's new water management brochure is now available.

Responsible Water Management in Canada's Oil and Gas Industry outlines responsible water use and continual improvement in water management. It discusses water use and availability, water quality and wetland conservation.

The oil and gas industry continues to work with government, other water-using sectors, non-government organizations and the public to ensure water is managed in a responsible way that allows the many water users to thrive, while protecting our environment.

- Download [Responsible Water Management in Canada's Oil and Gas Industry](#).
- Send your request for printed copies of the brochure to publications@capp.ca.



Industry Practice and Regulations (continued)

This Land is Your Land

CAPP has produced a new brochure reflecting the views of several Northern Canadians about development in Canada's North.

"This Land is Your Land" shares several perspectives on balancing the land, economic development and natural resources in the North, where there is as much oil and gas as Canada's East Coast or about one-quarter of the country's known conventional resources.

Many Northerners want to balance the jobs and opportunities associated with development with environmental stewardship. Inuit and First Nations' cultures are shaped by respect for the land over thousands of years and now they are shaping how natural resources are developed.

- Download ["This Land is Your Land"](#).
- Send your request for printed copies of the brochure to publications@capp.ca.



Offshore Escape, Evacuation, and Rescue

CAPP has published a new Guide for Atlantic Canada Offshore Petroleum Industry Escape, Evacuation and Rescue.

The Atlantic Canada Offshore Petroleum Industry Escape, Evacuation and Rescue Guide designed to assist companies by establishing the broad performance goals for escape, evacuation and rescue (EER) emergency response. The objectives of this Guide are to describe the approach and important considerations to be used in determining the EER measures to be implemented on an offshore installation. These measures contribute to the safety of all personnel in the event of an emergency situation. The production of the guide was a joint effort by offshore industry operators, drilling contractors, and regulatory authorities.

- Access the [Atlantic Canada Offshore Petroleum Industry Escape, Evacuation and Rescue Guide](#).

Canadian Association of Petroleum Producers (CAPP)

The Canadian Association of Petroleum Producers (CAPP) represents companies, large and small, that explore for, develop and produce natural gas and crude oil throughout Canada. CAPP's member companies produce about 90 per cent of Canada's natural gas and crude oil. CAPP's associate members provide a wide range of services that support the upstream crude oil and natural gas industry. Together CAPP's members and associate members are an important part of a \$110-billion-a-year national industry that provides essential energy products. CAPP's mission is to enhance the economic sustainability of the Canadian upstream petroleum industry in a safe and environmentally and socially responsible manner, through constructive engagement and communication with governments, the public and stakeholders in the communities in which we operate.

If you would like to receive this newsletter directly from CAPP, email your request to upstreamdialogue@capp.ca.

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